

370

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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COUNTRY	Czechoslovakia	REPORT	<input type="text"/>	25X1
SUBJECT	Accounting Services of the Ministry of Agriculture	DATE DISTR.	29 March 1955	
DATE OF INFO.	<input type="text"/>	NO. OF PAGES	4	
PLACE ACQUIRED	<input type="text"/>	REQUIREMENT	<input type="text"/>	25X1
		REFERENCES	<input type="text"/>	25X1

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STATE	# X	ARMY	# X	NAVY	# X	AIR	# X	FBI		AEC				
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(NOTE: Washington distribution indicated by "X"; Field distribution by "#".)

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REPORT

25X1

COUNTRY Czechoslovakia

DATE DISTR. Dec, 28, 1954

SUBJECT Accounting Services of the Ministry
of Agriculture

NO. OF PAGES 3

DATE OF INFORMATION

REFERENCES

25X1

PLACE ACQUIRED

25X1

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25X1

Position of Chief Accountant in Economic Units in Czechoslovakia

1. The position of chief accountant in all economic units in Czechoslovakia was established by Bill No. 54 and Government Decree No. 55 of the List of Acts and Decrees of the Czechoslovak Republic for the year 1952. The official reason offered for the extensive jurisdiction which these acts gave the chief accountant was the importance of economic units, e.g., national enterprises, corporations, ministries, and government offices which are not solely administrative, in a socialist economy. Actually, however, the position of chief accountant, patterned along Soviet lines, was created to re-establish financial order within the country's economic units, the efficiency of which had rapidly declined after 1948 as a result of the general policy of the new régime. The acts also established the independence of the accounting services of an economic unit from the administrative services of that unit in all monetary matters. Before 1948, vain efforts, differently motivated, had been made to achieve such independence. Under the new set-up, the chief accountant of an economic unit, in addition to other qualifications, of necessity needed the support of the leading Communist cliques of the unit because often it was necessary for him to take measures against influential Party members. In such cases, care had to be taken to insure that those measures involved only the individual and not the prestige of the Communist Party.

Chief Accountant of the Ministry of Agriculture 1

2. The Chief Accountant of the Ministry of Agriculture was ultimately responsible for matters of monetary control for all activities of the Ministry itself as well as for the activities of all the Ministry's subordinate units. In the latter capacity, he was directly responsible to the Ministry of State Control. Monetary

---SECRET---

25 YEAR
RE-REVIEW

SECRET

- 2 -

control included maintenance of standard and complete bookkeeping records and compliance with budgetary and financial principles. In addition, the Chief Accountant was responsible for checking to insure that production practices of the enterprises and government installations subordinate to the Ministry were economical and that the planned profit was realized.

3. All activity of the Ministry which had financial consequence, including the activities of the Minister himself, had to be first approved, and then countersigned, by the Chief Accountant or his designated representative. When the administrative services of a ministry could not agree with the accounting services, the chief accountant of the ministry reported the matter to the Ministry of State Control for a decision. Such a system of settling disputes was also in effect on lower levels.

Chief Accounting Office of the Ministry of Agriculture

4. The Chief Accountant of the Ministry of Agriculture was assisted in his duties by the Chief Accounting Office, which actually began to operate on 1 January 1953.² This office took over activities formerly handled by the Ministry of Finance and the Main Accounting and Control Office (NUKU - Nejvysi ucetni kontrolni urad), which was liquidated when the Ministry of State Control was established. Before January 1953, the accounting office of the Ministry of Agriculture had merely assisted these two offices.
5. In November 1953, the Chief Accounting Office had about 20 employees and consisted of three branches as described below. It was planned to increase the number of employees to 42, placing most of the new employees in the Revisions Branch.
 - a. The Methods and Systems Branch elaborated on and adapted instructions from the Ministry of Finance for use in the Ministry of Agriculture. It organized meetings for the Ministry's accounting officials to acquaint them with instructions and procedures; it also insured that those instructions and procedures were carried out.
 - b. The Revisions Branch controlled the financial management of the various national enterprises subordinate to the individual main administrations of the Ministry and also was to make a routine check of each enterprise at least once a year.
 - c. The Periodic Survey and Reports Branch prepared financial statements and economic analyses for the Ministry as a whole. These statements were based on data provided by individual main administrations of the Ministry and by the chief budget accountant of the Ministry.²

Subordinates of the Chief Accountant of the Ministry

6. Directly subordinate to the Chief Accountant of the Ministry of Agriculture were the following: the chief accountants of the main administrations of the Ministry, the chief accountant of the Office of the Commissioner of Agriculture in the Ministry, and the chief budget accountant of the Ministry.³ Theoretically, the chief accountants of the main administrations had authority over their main administrations similar to that which the Chief Accountant of the Ministry of Agriculture had over the Ministry. In practice, however, the chief accountants of the main administrations concentrated on the preparation of financial statements and economic analyses, while the bulk of the controlling activities of the national enterprises were handled by the Chief Accounting Office of the Ministry. Economic data prepared by the chief accountants of the main administrations were forwarded to the Periodic Survey and Reports Branch of the Chief Accounting Office to be

SECRET

SECRET

- 3 -

25X1

incorporated into the financial statements of the Ministry. A summary of these data was also forwarded for recording purposes to the Accounting Office of the Government Administration, also known as Group E. (See para. 7b below.)

Chief Budget Accountant

7. The chief budget accountant of the Ministry of Agriculture supervised two separate branches: Group Z and Group E.²
 - a. Group Z, known as the Accounting Office of the Government Installations, controlled the management of various government installations organized for purposes other than profit alone which were subordinate to individual main administrations of the Ministry of Agriculture. It also compiled and analyzed their economic reports and insured that a uniform accounting system was practiced throughout the various installations. This group was also responsible for preparing monthly accounts as well as accounts for completed projects for the Ministry of Agriculture and maintained financial liaison between the Ministry of Agriculture and the Ministry of Finance and between the Ministry of Agriculture and the State Bank. Group Z's final accounting statements were forwarded to Group E.
 - b. Group E, known as the Accounting Office of the Government Administration, was the most active and, therefore, most important of all of the accounting services of the Ministry. It kept detailed accounts of expenditures and income which resulted from the Ministry's activities, e.g., those of the Finance Department and the Cadre Department, as well as from activities performed by individual Ministry main administrations which had been financed from the Ministry's accounts. For recording purposes only, Group E also kept permanent accounts of transfers of funds from the Ministry's budget, administered by the Ministry of Finance, to bank accounts administered by individual main administrations of the Ministry. Group E also supervised monetary control of the agricultural colleges in Prague and Brno, the Scientific Veterinary Institute in Prague, the Czechoslovak Academy of Agricultural Science, the Agricultural Constructions Office, and the Czechoslovak Hunting Union. Funds for their financial support were incorporated into the budget of the Ministry of Agriculture but were administered by each of those installations independently.
1. Comment. Information on accounting procedures of the Ministry of Agriculture probably applies to other ministries as well.

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